

Service Date: December 12, 1986

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER of the Pass Through)	UTILITY DIVISION
of Fees Levied on Regulated Companies)	
for Funding the Department)	DOCKET NO. 86.8.41
of Public Service Regulation.)	ORDER NO. 5218a

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FINAL ORDER

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BACKGROUND

1. On August 28, 1986, in compliance with Ch. 32, Sp. L. June, 1986, enacted during the third special session of the 49th Legislature, the Montana Public Service Commission (hereinafter MPSC) issued Interim Order No. 5218 authorizing the immediate recovery of the regulated utility fee by each affected company in its rates and charges on an annual basis. Ch. 32, Sp. L. June, 1986, the determination of the fiscal year 1987 fee, can be found at Compiler's Comments, Title 69, Chapter 1, Part 4, MCA.

2. On August 29, 1986 the MPSC issued a Notice of Public Hearing that was published in the newspapers of general circulation in Montana. No request for public hearing being received, this final order is issued.

FINDINGS OF FACT

REVENUE REQUIREMENT

3. Ch. 32, Sp. L. June, 1986, directs the Department of Revenue to compute a percentage to be applied to gross revenues from regulated activities during fiscal year 1987. The percentage is the ratio of the Legislature's base appropriation for the Department of Public Service Regulation for fiscal year 1987 to the

total gross operating revenue generated from all regulated activities within this State by regulated companies during the first three quarters of fiscal year 1986:

$$\frac{\text{Appropriation}}{\text{Revenue from 7-1-85 to 3-30-86, regulated activity}} = \text{Percentage}$$

For regulated companies owned by municipalities, the Legislature limited the percentage to .06 of 1%. On August 12, 1986, the Department of Revenue gave notice by mail to each regulated company that .3%, or .003 is the percentage to be applied to revenue to determine the amount of the fee to be paid in fiscal year 1987.

4. Ch. 32, Sp. L. June, 1986, requires each regulated company to pay the amount determined by multiplying a calendar quarter's total gross operating revenue from all regulated Montana activities by the percentage determined by the Department of Revenue. This fee must be paid within 90 days of the close of each calendar quarter. For fiscal year 1987, the fee must be paid in three quarterly installments pursuant to Ch. 32, Sp. L. June, 1986, MCA. On or before December 31, 1986, all regulated companies must pay this fee for the calendar quarter ending September 30, 1986.

5. The Public Service Commission is required by law to allow recovery of this fee by the regulated company in its rates and charges on an annual basis. Because the Legislature has required that these charges be allocated on an annual (12 month) basis the percentage calculated by the Department of Revenue for non-municipal utilities for fiscal year 1987, based on nine months, must be annualized before being included in rates.

6. It is the Commission's intention to permit all affected regulated companies to increase their revenue requirement as of August 29, 1986, to reflect the annualized revenue impact of Ch. 32, Sp. L. June, 1986. This can be achieved by a rate increase equal to the Department of Revenue's calculated percentage adjusted for 12 months. The Department of Revenue's percentage based on nine months revenue is .3%. Annualized to reflect 12 months, that figure is 225% ($9/12 \times .003 = .00225$).

7. All regulated companies that pay the fee based on .3% may file tariffs reflecting a .225% rate increase. All municipally owned regulated utilities may increase rates by .06%. To provide flexibility, the Commission believes these increases should be permissive, not mandatory. Regulated companies may choose not to recover the fee in cases where the amount to be recovered would not justify submitting new tariffs. A regulated company may choose to defer implementing tariffs until a later date (e.g., to coincide with other tariff changes). It should be noted, however, that the revenue requirement may not be accumulated. Tariffs

must be filed within 15 days of their proposed effective date.

8. This approved revenue requirement will be effective until August 28, 1987. The Commission believes that a 12 month effective period will insure that regulated companies will recover all fees paid as required by law.

RATE DESIGN

9. It is the Commission's intention that all regulated services of a regulated company absorb the rate increase proportionately to that service's contribution to the total gross operating revenue generated by the regulated activities within this state. As limited exceptions to this general approach, however, the Commission believes that ceilings in "flexible band" tariffs need not be exceeded and that special market-based rates need not be increased.

CONCLUSIONS OF LAW

1. Pursuant to 69-3-102 and 69-14-111, MCA, the Montana Public Service Commission has jurisdiction over regulated companies as defined by §69-1-401, MCA.

2. The Public Service Commission is required by Ch. 32, Sp. L. June, 1986, to allow immediate recovery of the regulated utility fee by each affected company in its rates and charges on an annual basis.

3. Pursuant to ARM 38.5.501 et seq., the MPSC issued Interim Order No. 5218 and issued a Notice of Opportunity for public hearing. No requests for hearing or comments on the interim order have been received by the Commission.

4. The increased revenue requirement approved herein is a reasonable means of complying with Ch. 32, Sp. L. June, 1986.

ORDER

Regulated companies as defined in §69-1-401, MCA, are authorized to file tariffs reflecting increased

rates and charges as of August 29, 1986, consistent with the Findings of Fact contained in this Order. This authorization is permissive, not mandatory, and effective dates may, at the companies' discretion, be after August 29, 1986.

Tariffs must be filed within fifteen (15) days of their proposed effective date.

Done and Dated this 8th day of December, 1986 by a vote of 5-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

CLYDE JARVIS, Chairman

JOHN B. DRISCOLL, Commissioner

HOWARD L. ELLIS, Commissioner

TOM MONAHAN, Commissioner

DANNY OBERG, Commissioner

ATTEST:

Ann Purcell
Acting Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision.
A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.